



## BIG MOUNTAIN SEWER DISTRICT

PO Box 1252  
Whitefish, Montana 59937

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### Board of Director Minutes July 14, 2022 9:30 am Northern Lights Conference Room Kandahar Lodge Whitefish, MT 59937

#### 1. CALL TO ORDER

President Sato called the meeting to order at 9:32 a.m. Present were: Brad Kincaid, Jason Hanchett, and Leslie Bales. Present via Zoom were: Brent and Brock Foley/Foley Engineering, Greg Ferrian, Jen Sato, Al Clough and Kassi Scheeler/AMCE Consulting Engineers. Kathy McAughan was absent.

#### 2. INTRODUCTIONS

Sato introduced the Board to Brent and Brock Foley of Foley Engineering.

#### 3. PUBLIC COMMENT

There were no written public comments received.

#### 4. PRESENTATIONS – none.

#### 5. \*PUBLIC HEARING – Preliminary Budget for BMSD FY2

President Sato read the notice of public hearing for the Preliminary Budget for Big Mountain County Sewer District for FY23, and then opened the public hearing at 10:33 a.m. There were no oral comments from the public. Bales reported there were no written comments regarding the preliminary budget for BMSD. President Sato closed the public hearing.

#### 10. NEW BUSINESS

##### a. \*Request for Additional EDU's - 3827 Alpine Glow Avenue

Brent and Brock Foley were present via Zoom to formally request a will-serve letter for service to Lot 6 of Block 3 of Big Mountain View Subdivision No. 2. Foley explained there is already an existing duplex on this lot with an existing sewer service. The duplex was built about 4 years ago, with joint ownership of both halves. Now one of the owners wants to sell, so we are moving the property to condos and going through the process through Flathead County and DEQ. Foley continued per DEQ regulations they must have a will-serve letter before we can move forward. Hanchett explained this will be taking from one ownership to two since it will be under two names for tax assessor number, and for who will pay the bills. The request will be to go from one EDU to two. Sato requested copies of all documents completing the condo process be sent to BMSD Administrative Manager, Leslie Bales. Clough made motion to approve the request for two EDU's for the duplex at 3827 Alpine Glow Avenue, Lot 6, Block 3 Big Mountain View subdivision and to provide a will-serve letter for DEQ; second by Kincaid. Motion

carried with roll call vote as follows: AYES: Clough, Ferrian, Kincaid, and Sato. NOES: None. ABSENT: McAughan.

6. INFLOW & INFILTRATION PROJECT

a. I & I Project Scope Update – AMCE

Kassi Scheeler, Administrative Assistant for Paul Montgomery of Anderson-Montgomery Consulting Engineers reported she sat in on the meeting July 12<sup>th</sup> with all three grant funding agencies, Montgomery, Sato, and Bales and was here to try and answer any questions the Board might have. Sato reported there was much discussion, and the outcome was to: 1) leave the MCEP/TSEP grant at the \$500,000 in case of any issues or additional work that may come up during construction, 2) leave the Flathead County MAG grant at \$208,822 until after completion of the project, and 3) return the \$104,422 grant to Flathead County so it can be reallocated to another district within Flathead County. Sato continued that with these changes to the budget, the grant agencies gave BMSD the ok to proceed with the notice of award. Scheeler added that Montgomery will set up the pre-construction meeting with Jim Swain of CIP Construction Technology and then the notice to proceed will follow that. Clough made motion to adopt the revised I&I Mitigation Project budget at \$905,589 dated 7/12/2022 as presented, and agree to revert the \$104,422 grant funding to Flathead County; second by Ferrian. Motion carried with roll call vote as follows: AYES: Clough, Ferrian, Kincaid, and Sato. NOES: None. ABSENT: McAughan. The Board asked Scheeler if there was any chance of anyone protesting the award, with Scheeler responding no, CIP was the only contractor on the planholders list, and the bid specs required contractors to register, and CIP was the only contractor to sign in at the bid opening.

b. Finance Update –

i. \$10,468 reimbursement received from MCEP/TSEP

\$55,000 reimbursement received from DNRC/RRGL

ii.

Sato reported BMSD has received two reimbursements from grant funds expensed, \$55,000 from DNRC and \$10,468 from MCEP/TSEP.

7. REVIEW OF MINUTES

Kincaid made motion to approve both the May 24, 2022 special meeting minutes, and the July 7, 2022 special meeting minutes as presented; second by Clough. Motion carried with roll call vote as follows: AYES: Clough, Ferrian, Kincaid, and Sato. NOES: None. ABSENT: McAughan.

8. FINANCIAL REVIEW

- a. \*Balance Sheet
- b. \*Income Statement
- c. \*Cash Flow
- d. \*City of Whitefish Usage/Fees
- e. \*Check Register
- f. \*YTD Tax Revenues
- g. Actual vs Budget
  - 1. \* June 30, 2022



Kincaid made motion to approve the financials as presented, with update as discussed to the Capital Contributions being made by Bales (Bales will resend the Income Statement to the Board); second by Clough. Motion carried with roll call vote as follows: AYES: Clough, Ferrian, Kincaid, and Sato. NOES: None. ABSENT: McAughan.

## 9. OLD BUSINESS

### a. \*Adopt FY23 Preliminary Budget

Bales reported on the FY23 Preliminary Budget presented in the agenda packets, stating the only changes from the May 24<sup>th</sup> meeting in the operations portion of the budget was to the City of Whitefish fees and Depreciation. City of Whitefish fees were increased from \$328,125 for FY22 to \$450,000 for FY23. There were two reasons for this large increase – the anticipated rate increase by City of Whitefish, and the anticipated increased usage due to continued new construction and unusually high occupancy. This number will be reevaluated for FY24 once the I&I project has been completed, with the expectation that we can reduce this expenditure once we reduce the inflow. The second change in the operations portion of the budget was for the anticipated depreciation costs once the I&I project has been added to our Capital Assets – increase from \$45,200 to \$52,000. Bales continued she had updated the grant revenues and expenditures once again based upon the new budget numbers from AMCE after the July 12<sup>th</sup> conference call with the grant agencies. BMSD has budgeted for the full \$905,589 along with an additional \$100,000 contingency from BMSD to make sure we have budgeted for all contingencies. Expenditures over the \$605,819 project budget will be shared with, and approved by the Board prior to authorizing the expenditure. Discussion followed. Clough made motion to adopt the FY23 Preliminary Budget for BMSD as presented; second by Ferrian. Motion carried with roll call vote as follows: AYES: Clough, Ferrian, Kincaid, and Sato. NOES: None. ABSENT: McAughan.

### b. \*3854 Winter Lane – 16 unit condo preliminary plat application/Flathead County request for input

President Sato reported this was information for the Board only, there was no action required.

### c. Insurance Update

Bales reported we have renewed our insurance with our current, regular provider and she will only bring back insurance information if something new comes up. The Board asked what the current cost for insurance is with Bales replying it is around \$2,000 annually.

## 10. NEW BUSINESS

### a. \*Maintenance Update – Jason Hanchett

Hanchett reported now that the budget and the I&I project have been approved he can begin to work on the additional line maintenance and camera work he has planned. Hanchett reported he would like to continue to look into areas that do not appear to have I&I, but have not yet been fully reviewed. This would allow BMSD to have better records for future. Hanchett will coordinate with CIP before scheduling any work. The Board thanked Hanchett for his report.

### b. \*Budget Adjustments for FY22

Bales presented the Budget Adjustments for FY22, explaining they were not increases to the overall budget, just adjustments to which line item the monies had been expensed from (see attached). The biggest change was to the City of Whitefish fees due to the high usage. Kincaid made motion to approve the FY22 Budget Adjustments as presented,



including adding the necessary money for the final days of usage for the City of Whitefish bill; second by Clough. Motion carried with roll call vote as follows: AYES: Clough, Ferrian, Kincaid, and Sato. NOES: None. ABSENT: McAughan.

c. Assessment Roll for FY23

Bales reported she is working on the Assessment Roll and will send it out to the Board once it has been completed. There was no change in rates this year, so the biggest changes will be for the newly added assessor numbers for the Medicine Rock subdivision.

d. \*Donated Capital Assets – Medicine Rock \$265,129

Bales explained now that the Medicine Rock subdivision has reached Final Plat it is necessary for BMSD to accept the donated capital assets for sewer. Discussion followed with the Board discussing the assets to be received with Hanchett. Kincaid made motion to accept the donated capital assets for Medicine Rock subdivision in the amount of \$265,129; second by Clough. Motion carried with roll call vote as follows: AYES: Clough, Ferrian, Kincaid, and Sato. NOES: None. ABSENT: McAughan.

e. \*Plant Investment Fees

- i. 211 Moose Run Drive - \$5,994.25/Sapphire Construction
- ii. 219 Moose Run Drive - \$5,286.20/Sapphire Construction
- iii. 225-227 Moose Run Drive - \$9,837.74/Sapphire Construction
- iv. FY22 BMSD Plant Investment Fees

Kincaid made motion to approve the plant investment fees for 211, 219 and 2275-227 Moose Run Drive; second by Clough. Motion carried with roll call vote as follows: AYES: Clough, Ferrian, Kincaid, and Sato. NOES: None. ABSENT: McAughan. Bales explained the final item was just a listing of all the Plant Investment Fees for FY22 for the Board's information.


## 11. MISCELLANEOUS FOR THE GOOD OF THE ORDER

After discussion the Board agreed the next meeting of the BMSD would be on Thursday, September 29<sup>th</sup> at 9:30 a.m.

President Sato excused Hanchett from the meeting. Sato started discussion on the General Manager wage of \$800. Bales reported she needs clarification from the Board as last year during the budget discussion she took it to mean no increase was approved, with Kincaid thinking this would no longer be paid to Hanchett. The minutes reflected Bales interpretation, but clarification is necessary. Discussion continued with Kincaid reminding the Board that Whitefish Mountain Resort pays Hanchett for his work, and this does not seem appropriate. The Board all agreed Hanchett does a heck of a job for BMSD. Discussion continued with it being clarified that this payment has been going on for years – back to Bill Dunham, and was not a new payment for Hanchett. The Board consensus was to continue at the same amount (\$800) for Hanchett, but if and when a new person starts in this position the payment will not be continued. Bales will make notes in the budget process to acknowledge this.

The meeting was adjourned at 10:13 a.m. upon motion made and seconded.

  
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Jennifer Sato, President

  
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Leslie Bales, Administrative Manager



**FLATHEAD COUNTY BUDGET ESTIMATES FY23**

FUND NAME: BIG MOUNTAIN SEWER

FUND NUMBER: 7225

	Prior Year Budget FY22	Dept Request for FY 2023	Updated Requests for FY23	Preliminary Budget FY23	
<b>NON-TAX REVENUE</b>					
4050 Hook-up Fees	\$ 7,500	\$ 10,000	\$ 10,000	\$ 10,000	
4060 Capital Credit Refund - FEC	\$ 100	\$ 100	\$ 100	\$ 100	
4100 Interest Revenue	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	
4200 Penalties and Interest	\$ 2,000	\$ 2,500	\$ 2,500	\$ 2,500	
Total Non-Tax Revenue	\$ 14,100	\$ 17,100	\$ 17,100	\$ 17,100	
<b>GRANT FUNDING</b>					
DNRC/RRGL	\$ 125,000			\$ 125,000	
MCEP/TSEP	\$ 300,000			\$ 500,000	
Flathead County/DNRC MAG	\$ 208,822			\$ 208,822	
Flathead County/ARPA	\$ 104,411			\$ -	
Total Grant Funding	\$ 738,233			\$ 833,822	
<b>TAX REVENUE</b>					
4000 Tax/Assessment Revenue/Fees =	\$ 570,042	\$ 570,042	\$ 592,516	\$ 592,516	Added new assessments for Medicine Rock subdivision + updates
Total Tax Revenue	\$ 570,042	\$ 570,042	\$ 592,516	\$ 592,516	
TOTAL REVENUE	\$ 1,322,375	\$ 587,142	\$ 609,616	\$ 1,443,438	
<b>OTHER RESOURCES</b>					
Cash available @ May 31				\$ 1,106,601.57	
Less outstanding warrants @ May 31				\$ 57,911.31	
Total Other Resources	\$ -			\$ 1,048,690.26	
TOTAL RESOURCES	\$ 1,322,375	\$ 587,142	\$ 609,616	\$ 2,492,128	
<b>MAINTENANCE &amp; OPERATION EXPENDITURES</b>					
5020 Line Fee (City of Whitefish)	\$ 328,125	\$ 393,750	\$ 450,000	\$ 450,000	
5030 Salaries (5 directors)	\$ 3,075	\$ 3,075	\$ 3,075	\$ 3,075	
5040 Dues & Subscriptions	\$ 1,000	\$ 1,950	\$ 2,000	\$ 2,000	
5041 Training	\$ 400	\$ 400	\$ 400	\$ 400	
5050 Bonding & Insurance	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	
5071 Line Maintenance Expense	\$ 20,942	\$ 10,150	\$ 10,150	\$ 10,150	
5072 General Manager	\$ 800	\$ 800	\$ 800	\$ 800	
5073 Lift Station 1 Operations	\$ 2,850	\$ 3,150	\$ 3,150	\$ 3,150	
5074 Lift Station 2 Operations	\$ 2,850	\$ 3,150	\$ 3,150	\$ 3,150	
5075 Office Expense	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	
5076 Legal	\$ 5,000	\$ 8,500	\$ 8,500	\$ 8,500	
5079 Lift Station Repairs	\$ 1,000	\$ 1,100	\$ 1,100	\$ 1,100	
5080 Professional Fees (Engineer & Audit)	\$ 16,000	\$ 20,000	\$ 20,000	\$ 20,000	
5090 Maintenance-Labor	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	
5091 Maintenance-Supplies	\$ 4,300	\$ 5,000	\$ 5,000	\$ 5,000	
5100 Utilities	\$ 960	\$ 1,056	\$ 1,056	\$ 1,056	
5110 District Administration	\$ 12,000	\$ 16,200	\$ 18,000	\$ 18,000	1. Additional budget for Insurance Review - only pay current amount unless Board approves changes
5115 Management Fee	\$ 27,960	\$ 28,800	\$ 28,800	\$ 28,800	2. \$10,000 each for Audit and Engineering fees
5140 Office Supplies	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	3. 10% increase for utilities
5155 Telephone	\$ 930	\$ 1,023	\$ 1,023	\$ 1,023	4. 25% increase for Administrative Manager
5182 Records Retention	\$ 650	\$ 750	\$ 750	\$ 750	5. See City of Whitefish breakdown - attached
5650 Bank Charges	\$ 20	\$ 20	\$ 20	\$ 20	6. Storage Unit - new mgmt, no increase last 3 yrs
5700 Depreciation	\$ 45,200	\$ 47,500	\$ 52,000	\$ 52,000	7. Added Mission Control monitoring/annual fee
Total Maintenance & Operation Exp	\$ 489,362	\$ 561,674	\$ 624,274	\$ 624,274	
<b>CAPITAL EXPENSES</b>					
6011 Capital Asset purchase - manhole	\$ 12,572				
6019 Capital Asset purchase - pump					
Total Capital Expense	\$ 12,572				
<b>GRANT PROJECT EXPENSES</b>					
6013 Engineering Services	\$ 29,700.00	\$ 144,346.00	\$ 158,436.00	\$ 158,436.00	Using numbers from final budget for I&I Project updated July 2022
6013 Legal Costs, Admin & Audit Fees	\$ 3,250.00	\$ 24,400.00	\$ 24,400.00	\$ 34,400.00	
6013 Construction		\$ 752,347.00	\$ 366,942.00	\$ 367,000.00	
6013 Contingency		\$ 78,907.00	\$ 55,041.00	\$ 345,753.00	
I & I PROJECT BUDGET				\$ 905,589.00	PROJECT BUDGET AS OF JULY 12, 2022
6013 BMSD Contingency			\$ 100,000.00	\$ 100,000.00	
Bond Cost (Bank Charges)	\$ 11,000	\$ -	\$ -	\$ -	
Loan Reserves	\$ 14,315	\$ -	\$ -	\$ -	
	\$ 58,265	\$ 1,000,000	\$ 704,819	\$ 1,005,589.00	(July 2022 budget \$905,589 + \$100,000 additional BMSD contingency)
TOTAL EXPENDITURES	\$ 560,199	\$ 1,561,674	\$ 1,329,093	\$ 1,629,863	
<b>GRANT FUNDS</b>					
BMSD Contribution			\$ 74,400	\$ 171,767	(additional contingency if project goes over budget)
DNRC/RRGL			\$ 125,000	\$ 125,000	
Flathead County MAG			\$ 102,006	\$ 208,822	
Flathead County ARPA Match			\$ 51,003	\$ -	
MCEP/TSEP			\$ 302,410	\$ 500,000	
Total Grant Revenue			\$ 654,819	\$ 1,005,589	

For final budget these numbers will be reduced by  
anything submitted and reimbursed in FY22

## **Budget Adjustments for FY22**

1. 5073 Lift Station I Operations to 5079 Lift Station Repairs (\$320)
2. 5050 Insurance to 5110 Management Fees – Administration (\$3,000)
3. 5075 Office Expense to 5040 Dues & Subscriptions (\$137)
4. 5080 Professional Fees to 5700 Depreciation (\$3,761)
5. A. 5060 Interest Expense Revenue Bond to 5020 City Fees (\$8,611 plus the June City of Whitefish bill for sewer treatment fees.) (June 14-30<sup>th</sup> was \$19,726.49)  
B. 5120 Engineer Services to 5020 City Fees (\$10,113)  
C. 5080 Professional Fees to 5020 City Fees (\$9,614)

**Total is \$28,338 for budget adjustment.**

PLEASE NOTE: Adjustments to line items are less than budget remaining in other lines of the FY22 Budget. This is basically housekeeping to abide by governmental accounting practices.

### **Explanations of Adjustments:**

1. Lift Station Repairs – the repairs were more than budgeted, while the Lift Station I Operations were less than budgeted. Basically, just relocating the money budgeted.
2. Management Fees – Administration – and additional \$3,000 was paid to the Administrative Manager for additional work due to the I&I Project and the three grants
3. Dues & Subscriptions – these costs increased and we were not aware prior to last year's budgeting process.
4. The donated assets from Glades 4 and Northern Lights Phase 3 increased our assets, and thus our annual depreciation.
5. City Fees – our costs for treatment have been the highest ever for FY22. The high cost of city fees, and the large amount of inflow into our system are the improvements to be made and the reason for the BMSD Inflow & Infiltration Mitigation Project.

LRB